



Notice 01/2007

Operational Limits

27.February.2023

Versions Index

03.Jan.2018

Initial Version

Operational Limits imposed under the MIFIDIII/MIFIR regulation, including the previously established in Notice 04/2006 Maximum Limits of Price Variation, which is revoked by the entry into force of this Notice.

27.Feb.2023

Amendments to paragraphs 1, and 15 by adaptation to Article 15 of COUNCIL REGULATION (EU) 2022/2576 of 19 December 2022.

Amendment to paragraph 16 to reflect legislative update.

This document is available in www.omip.pt

The entry into force of Directive 2014/65 / EU of the European Parliament and of the Council of May 14th 2014 on markets for financial instruments (MIFIDII), Regulation (EU) N° 600/2014 of the European Parliament and of the Council of May 15th 2014 on markets for financial instruments (MIFIR) and the respective Delegated Regulations, oblige the establishment of several systems, procedures and control mechanisms making it necessary to make explicit the metrics of the limits of action that are available here.

Pursuant to paragraph **2 of Article 56 of the Trading Rulebook** and paragraph **14 of OMIP Instruction 01/2014 – Bilateral Transactions**, OMIP approves the following Notice.

Chapter I – Absolute Price Variation Limits

Maximum and Minimum Price Limits

1. For each Contract admitted to trading or registration, the Maximum and Minimum Price Limits at any given moment during the trading session results from the application of Absolute Price Variation Limits to the:
 - 1.1. At the beginning of each Trading Session, the Settlement Price defined by OMIP in the previous Trading Session,
 - 1.2. At the second reference price of the present Trading Session, constituted by the first market price.
 - 1.3. Subsequent reference price, constituted by the first market price observed after a five-minute interval from the previous reference price.
 - 1.4. Concurrently OMIP may determine reference prices calculated for this purpose using the same methodology of Trading Session Reference Prices now applied to the volatility contention mechanism to all the maturities of a given Contract in the partial absence of market prices in all those maturities.
2. For the Contracts admitted to trading and registration of Bilateral Transactions, the Absolute Price Variation Limits applicable to each Contract are established, in a file provided by OMIP in its website, according to the Delivery Period, and determined in coordination with OMIClear.

Application of the Absolute Price Variation Limits

3. When the Order is submitted to the Central Order Book, the Trading Platform validates it. Only the Orders with prices, up to and including, falling within the interval determined by the Absolute Price Variation Limits will be accepted.

Change in the Absolute Price Variation Limits

4. Whenever required by market conditions, OMIP, jointly with OMIClear, may extend or narrow the Absolute Price Variation Limits, immediately informing the Trading Members thereof.

First trading day of Contracts

5. On the first trading day, the maximum price variation intervals will be determined by applying the maximum variation levels of a reference price established by a method that will reasonably assess the market situation, notably by theoretical arbitrage, difference compared to the Reference Price

or volatility of another contract, or in the quotes of Members, as determined for the Reference Price under paragraphs 2 and 3 of OMIP Instruction 1/2009 – Settlement Prices.

6. Notwithstanding the preceding paragraph, in the case of Day and Weekend Contracts, the reference value to apply the maximum variation levels may be established based on the weekly Contract being traded, which covers all the daily delivery buckets, adjusted according to daily seasonal spread.

Bilateral Transaction

7. The Absolute Price Variation Limits defined in this Notice apply to the registration of Bilateral Transactions with OMIClear, therefore only the transactions with prices falling within the Maximum and Minimum Price Limits will be accepted, unless OMIClear considers that, in a specific situation, this restriction can be waived.

Chapter II – Rejection of offers that exceed predetermined volume thresholds

8. OMIP defines in its trading system maximum limits on volumes of each offer according to the nature and trading characteristics of each financial instrument, namely its nominal value, its liquidity and market practice for volumes for each offer thus preventing the introduction of offers with erroneous volumes.
9. The maximum limits indicated in the previous number are made available by OMIP in the Website.

Chapter III – Interruption or temporary restriction of trading due to significant price changes

10. In accordance with Articles 60 and 61 of the Trading Rulebook and with the operating conditions of the trading system, OMIP has at all times the ability to interrupt and temporarily restrict the trading of each one of the instruments admitted to continuous trading, auction or registration of Bilateral Transactions.
11. Both the price and volume ceilings set out above contribute to preventing erroneous offers and significant price variations especially associated with relevant volumes.
12. Price volatility, particularly between consecutive trades, is monitored continuously by OMIP using specific metrics based on historical data and may justify the actions covered by the aforementioned articles.

Chapter IV – Limitation of the ratio of unexecuted orders to transactions

13. In the light of Article 16 number (2) of the Trading Rulebook and Commission Delegated Regulation (EU) 2017/566 of May 18th 2016 on regulatory technical standards for the ratio between unexecuted orders and transactions in order to avoid disruption of trading conditions, the Trading Members and their Clients are obliged to maintain an adequate ratio between their offers submitted, changed or eliminated and transactions actually performed (ratio of unexecuted offers per transaction) for all negotiable instruments in the form of continuous trading.
14. The ratio of unexecuted orders / transaction will be monitored on an ongoing basis to ensure that undue or excessive volatility of trading conditions does not occur. The parameter of the ratio of orders not executed per transaction considered as a maximum in a given time interval will be made available by OMIP in its Website.

15. Orders submitted under the obligations arising out of the liquidity provision agreements are not subject to the expressed limit and are subject to their own monitoring, unless it is considered that the integrity and regular functioning of the market may be at stake.

Chapter V – Limits and management controls on positions in commodity derivatives

16. OMIP applies position management controls in a transparent and non-discriminatory manner in accordance with Article 59 of the Trading Rulebook and with the obligations and powers set out in Article 57 (8) and Article 58 of MIFIDII, as well as those in Commission Delegated Regulation (EU) 2022/1320 on regulatory technical standards for the application of limits on positions in commodity derivatives.
17. The OMIP will use as reference the limits that are established in the scope of the MIFIDII and may establish lower values, on a temporary basis or until a new provision, after prior notification to all Participants and within a term considered prudent taking into account all possible impacts in the market.
18. OMIP will apply alert procedures based on a calculation of 90% of the limits in force.
19. Members and Clients have the obligation to provide information - static, casuistic or daily - to OMIP as a result of the provisions of number 8 of article 57 and number 3 of article 58 of MIFIDII, resulting in its application to Members, Member's customers, customers of those Customers to the final customer.

Final Provision

20. The Notice 04/2006 - Maximum Limits of Price Variation is revoked with effect from January 3rd, 2018.

Entry into Effect

21. This Notice has been registered with CMVM on February 15th 2023 and enters into effect on February 27th, 2023.

The Board of Directors